

## THE STUDY OF INDIAN ECONOMY & GLOBALISATION

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### ABSTRACT

*There was a great policy change in Indian economy in early 1990. A reform which was new in the field of economy was known as (LPG) and by which Indian economy changed into rapidly increasing economy and equally competitive with global. The series of reforms undertaken with respect to industrial sector aimed at making the economy more efficient.*

*After it India changed her view keeping in mind the process of her present economy conditions into the best ones. There is a great need to establish a great economic development as a foundation which has directly effected the investment in the rapidly economic growth of most of the south east Asian countries and mainly china.*

*India was embarked all ambitions plan to emulate the successes of her neighbors to the east and is trying to sell herself as a safe and profitable destination for FDI.*

*There always been a trend for business transcending national boundaries manufactured goods, traded goods, services, communication and so on- a new thrust on international business has emerged only in the recent past. This happened in the developed world during the eighties and is happening to the developing world during the nineties. This is largely the result of the growing realisation of the significance of economies of the markets and international competition.*

**KEYWORDS:** *Indian Economy, Economic Development, International Business, FDI*

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### INTRODUCTION

#### Developing Countries – Global Challenges

The opportunities that are opening for global marketing. are further dampened by rising protectionism, notwithstanding setting up of the WTO, discriminatory government procurement policies, offset requirements, faced technology transfer, local content requirements and other mechanisms used and the growing trend towards bilateralism instead of multi-lateral trade agreements.

The current system of world trade and finance was constructed in the 1940 using one of the Bretton Woods institutions, the International Monetary Fund and the General Agreement on Tariffs and trade (GATT). This Liberal multilateral trading system spurred the growth of international trade and allowed both developed and developing countries to achieve rapid growth. GATT has now conceded ground to WTO.

The WTO is being touted as an opportunity for all to participate in what will be dynamic, open and rapidly evolving, global economy there is no safe middle way between heroic success and dismal failure.

## Effects of Globalization

There are so many ways by which globalisation effects the world.

- **Financial:** Different sources of would wise financial markets and the goods accessibility of borrowers. By the early part of the 21st century more than \$1.5 trillion in national currencies were traded daily to support the expanded levels of trade and investment.
- **Industrial:** Utility of total production of the world and the total knowledge of foreign products and their users and companies. Mainly the chief productivity at the national and international level.

**Economic:** A global common market where exchange of goods and capital is free. These markets are connected properly to each other and any economic disturbance can impact other part of market. Globalization is the medium by which a company can produce its production at a low price. By doing this the jobs will turn towards the lowest wages, less worker production and less health benefits.

**Political:** In ancient times the United States had a great power in the field of politics in the world due to its strong and wealthy position. On the other hand globalization has presented a vast growth within the past times by the help of economy of United States. Mainly the republic of China has experienced a lot of growth. It seems that if china continues in this field then after twenty years it will be a great portion of power among the main countries.

## Indian Response

Liberalisation of economic policy is intended to promote the integration of Indian economy with the global economy. This has brought before the Indian business and industry a tremendous challenge to complete aggressively in world markets and push up our exports.

Despite the fact that India has a large domestic market, a broad-based industrial infrastructure, a large pool of trained manpower, abundant supply of cheap labour and adequate natural resources in terms of competitiveness, it is far behind several other Asian countries including Korea, Singapore, Taiwan, Malaysia, Hong Kong, Indonesia and Thailand.

## Globalisation

Described as great Hanuman Leap by One economist-offers significant opportunities for India, opportunities that we cannot afford to miss First, India has a terrific opportunity to become the premier-Production Centre of the world. This is what the Asian Tigers did in the eighties and this opportunity is now ours on a much bigger scale.

The second phase is the advancement of Indian corporations so that they can move forward in the field of world market and can become the multinational market hub in India and Foreign countries.

## Progress of Indian Economy

That the Indian economy- very frequently being described as India inc-is beginning to shed its insularity and is going global is clearly brought out by a number of signals that are flying all over the place. Among these the more important are as follows

- Indian companies are stepping up exports, sallying forth into the world and shopping for companies
- Corporation are starting to tap the US debt market

- Peak tariff rates have progressively dropped
- MNCs are heading for India in droves; some are buying into or taking over Indian corporation. In the initial years of reform, one dipped one's feet in Indian waters, but remained ready to pull out at moment's notice. Now India has become a serious place of business, where one goes for the long haul
- Airlines are scheduling more flights to and from India. Business travelers are Accounting for an increasingly larger proportion of overseas visitors
- Developments else where in the world are starting to set off tremors at home (a prime example is the surges and declines in London Metal Prices which are influencing Indian metal rates)
- Membership of export councils has surged
- Banks have launched dollar- denominated credit cards for businessmen travelling overseas
- More cargo is being carried in Indian bottoms, so much so that major ports have become clogged in recent times
- An academic qualification in foreign trade now carries a cachet
- The more recent MNC entrants to India are launching their latest models here
- The step-up in trade is also rapidly leading to a proliferation of trade support services such as freight transfer and cargo handlings
- Indian companies are acquiring or setting up of a slew of overseas subsidiaries of office- underscoring their interest in a long-term presence in overseas markets
- Programmes on 'Total Quality Management' are being systematically conducted by corporate sector. 'Creativity Circles' are now assuming good significance among the employees. 'Research and Development' has no longer remained a formality

## CONCLUSIONS

The impact of globalisation has been highly positive in all fields of economic and social life and there was no negative effect of it. Indian economy has been helped by the govt.-oppressed and controlled economy by which it grow rapidly in the last 10-12 years. It has changed the economic growth of India, exports have increased and not only there is a decrease in the field of poverty but also the chances of employment have increased. Now India has stopped to beg different economic aids. Long-term inflation rate has gone down. There is a great improvement in the quality of products and above all India has progressed vibrantly and at the international level India has become competitive. Indian companies are opening their branches in foreign countries. India has got a great advancement in technology for the benefit of humanity and all this has happened due to globalisation.

Indian industry has been very positively effected by the globalisation. Industrial policies and priorities has to face serious problems in the beginning due to highly cost inefficient plants and government dictating policies. Globalisation has increased the industrial growth during the decades. There is a great increase in exports. Indian industries are established in foreign countries. Indian industries have got increased investments by foreign companies. There is a great decrease in lock-out and strikes due to satisfied industrial labour. New type of industries are established. Small scale

industries have changed into medium scale companies. Liberalisation and globalisation have increased the wages of industrial labour because industrial workers are following increasing demand.

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